Writing a Paper for Class
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FIL 240 Honors Section

A primary component of this assignment is to work with reference sources that you can understand, but that have gone through a critical review process and that are written at a level higher than were references you may have used in the past. The assignment is not merely to write about a topic you find interesting.

Please follow these guidelines in writing your paper:

Choose Your Topic Wisely
You should write on a timely topic that expands (does not simply repeat) your knowledge of material that we have covered, or expect to cover, in class. The paper topic should be in keeping with our course subject matter of business financial management, though we can allow ourselves some leeway in choosing topics that offer broader perspectives on finance from a markets, computational, or regulatory standpoint.

Your paper should be written for this class and this class alone. Turning in a paper that you wrote for an earlier class, or that you are writing now but also will be turning in for credit in another class this semester, is considered cheating, and you will be subject to severe penalties accordingly.

Be sure that you have a reasonable understanding of your topic. Because the topic should expand your knowledge and thus expose you to new information, it is natural that some of what you read about will seem confusing, and even a good paper can contain minor passages the reader will think the writer did not fully comprehend. But a reasonably alert and informed reader can definitely tell when the writer is struggling with much of the topic and highly important points within the material; telltale signs are poor organization, unsupported statements, and considerable direct quoting from technical reference sources.

We Are Looking for Substance
You should try to address an issue, and not just tell about a factual occurrence with accompanying definitions and descriptions. Think in terms of identifying a problem (and explaining why the situation is an interesting one for us to examine), discussing some background information, telling what the experts think, and then giving your own views. Your paper should not be simply a summary of what your reference sources say. Coming up with your own little (or big) twist on things is an important part of this assignment.

A key to writing a good paper is to educate yourself about the topic by reading your reference sources thoroughly; tell yourself an interesting, integrated story that draws from all you have learned; and then put that story down on paper for your reader. A reader usually can recognize when a writer simply has shoved ideas from various sources into paragraph form (basically a “book report” on the reference materials). So organize
and synthesize, and use consistent wording; in the finance field it is not unusual for the same word to have different meanings or for different words to mean the same thing.

To identify an interesting issues-oriented topic, you are encouraged to focus your information search on recent editions of the *Journal of Applied Corporate Finance* [JACF], *Harvard Business Review* [HBR], or perhaps *Journal of Economic Perspectives* [JEP] (limit your HBR and JEP searches to the relatively few articles dealing with finance material). These periodicals are written with an analytical bent, but largely at a level accessible to upper-division college students, and their editors strive to publish articles on topics of current concern. In the office I have comprehensive listings of past finance articles from HBR and JEP (and some useful articles from the *Financial Analysts Journal*) organized into categories such as “Corporate Governance” and “Pension Plans,” to facilitate quickly locating topics of interest and helpful supporting reference materials.

I also have compiled topic files for JACF that are fairly easy to peruse. (All HBR and JEP issues are available on-line through Milner; Milner has JACF issues since 2003, and I have hard copies of issues back to 1997.) One helpful feature of these compilations is the relative ease of identifying articles on the same general topic but written by different authors or in different eras, so you might examine differences in ways that particular ideas have been analyzed from different viewpoints, or as laws and technology have changed. If a topic that relates to our class is mentioned in the titles of one or more recent articles, and if the idea seems interesting to you, then you already will have found a general topic that you like, that is timely, and for which you have solid reference material available.

Your specific final topic is something you probably will not determine – indeed, probably should not even attempt to determine – until after you have read all of your reference materials, and perhaps not even until after you have spent a reasonable amount of time writing. I like to say that you choose your macro topic, but your micro topic chooses you; it reveals itself to you as you read, think, write, and refine your ideas to stay within the brief page limits. As you mull the newly-learned materials over in your mind, what keeps returning to your thoughts as being the most interesting and compelling? A student might choose “corporate governance” as the general topic about which to educate herself. But as she comes to see how vast that general topic is, she narrows the focus of her initial writing to matters of “executive compensation.” Only as she refines her thinking and writing does she decide that an analysis of “equity-based compensation for directors” is the idea most worthy of devoting her limited page space to.

Reference Sources
My general rule for a short paper of this type is to have at least three references (perhaps strive for three to five good reference sources, but see the section below on sufficient information). At least two sources should be from the analytical publications that I have catalogued. Other information can come from other analytical sources or from “timely” sources, as described below. And of course because you are writing for a finance course on a topic relating to financial reasoning, your reference material should be primarily
from authors with expertise in finance, rather than with expertise in other fields (such as management, law, or accounting) that might sometimes deal with finance issues.

A. Analytical, or Timeless, Reference Sources

Articles in the publications mentioned above (other than Interviews or Round Table discussions in the Journal of Applied Corporate Finance) have been formally critiqued for correctness and relevance by experts before they are printed; thus we typically would view their content as analytical. The inside cover page of an analytical journal generally shows an editorial review board consisting of individuals at major universities or government agencies. Specialized books sometimes, but not always, can count as analytical reference sources. A book is more defensible as an analytical source if its author also has written extensively for outlets that are subject to formal peer review.

Publications that have undergone critical review by parties with appropriate expertise are “timeless,” in that the ideas and thought processes they present should remain useful long after they have been written. It is on these timeless written information sources that you should refine your critical thinking for the analytical portion of your paper. Students who do not make use of quality analytical references typically offer descriptions and assertions rather than providing meaningful analysis. If you fail to develop your reasoning with backing from appropriate analytical sources, your paper will be no stronger analytically than a newspaper story. But at the same time, to create a high-quality paper that does not merely repeat what your references present, you should avoid analytical reference sources that are “over your head,” having been produced for people with technical knowledge or quantitative sophistication beyond your current level of understanding.

Articles in many highly regarded academic analytical publications, including Financial Management, Journal of Financial Research, Journal of Applied Finance, Journal of Banking & Finance, Quarterly Review of Economics & Finance, Financial Analysts Journal (other than narrative Perspectives articles), and especially Journal of Finance, Journal of Financial Economics, and Journal of Financial & Quantitative Analysis employ mathematical analysis that almost always is beyond the grasp of most students. You are strongly discouraged from using highly technical sources like these. One former student who relied on these types of information sources wrote a paper that referred to “cross-sectional variation in portfolio choice,” “standard constant relative risk aversion,” “disappointment aversion preferences,” “horizon effects,” and “vector autoregression of monetary policy” without offering a word of explanation on any of those terms. The student obviously had no understanding of his topic, and his resulting inability to tell a coherent story was a major factor in the D earned on the paper. You gain little insight from an article built around a quantitative model that seems like a foreign language; looking only at the introduction and conclusions, while dodging the author’s main analytical arguments, deprives you of the enhancement to critical thinking skills that a timeless reference source should provide.

While even articles in older issues of timeless publications should contain useful ideas (especially if your project involves historical comparisons), you should try to base your
analysis, at least to some reasonable extent, on reference sources that are fairly recent, though there is no precise measure of what constitutes “recent.” If all of your analytical references are many years old, it can raise questions in the reader’s mind about whether the paper may have been written for an earlier class, or by someone else. You can not easily trick an alert evaluator by inserting an inconsequential phrase or two based on a recent reference into an old paper from a fraternity house file; if no substance relates to material in newer analytical articles or books, your work may be suspect.

B. Timely Sources
Daily or (bi)weekly publications like Forbes, Fortune, Business Week, Barron’s, and the Wall Street Journal, along with the business sections of major city (or even smaller local) newspapers, are fine as sources of timely factual information, but tend not to be helpful as analytical tools. These latter types of publications generally are written under strict time deadlines, and typically are authored by journalists rather than financial analysts. Various web sites also can be useful as sources of timely information (be sure that the information is, in fact, up to date), but much of what appears on web sites has not been subjected to critical review, so web sites generally would not count as analytical reference sources. Interviews, round table discussion articles, and transcripts of speeches in the Journal of Applied Corporate Finance are not subjected to critical review and thus do not count as analytical references, but experts’ informal comments provide great informed, inside perspectives on the financial world, and thus can be useful as timely information sources.

A good combination can be to use timeless sources to help develop your thinking and timely sources for supporting facts and examples. A 20-year old analytical article might provide a good model for examining how national economic activity affects capital spending by businesses, but such an article’s examples of “recent” average capital outlays by major firms would be badly outdated. It detracts from the credibility of your paper if you refer to “recent regulations” or “the average interest rate on AA corporate bonds over the past ten years,” when the statement is based on information in a very old article. Of course, the facts and figures presented in older publications can be useful to you, when combined with more recent information, in showing trends over time. And make sure that your “timely” reference sources truly are timely; tax laws, companies’ stock market performance, and even the identities of key management people are among things that can change quickly, such that an article even just a few months old might be outdated.

C. Have Sufficient Information for a Solid Analysis
Just as a paper’s analytical portions will be weak in the absence of good analytical reference sources, the entire paper will lack substance if the writer devotes little effort to reading the work of knowledgeable parties before producing a draft. How can anyone write intelligently about a topic without first having studied the equivalent of at least 25 to 30 printed pages? The suggestion for three to five reference sources is based on an assumption that those sources all would contain considerable information; having “ten references” consisting of ten half-page or single-page articles would provide far too little substance to build a quality paper around. A critical grader wants to know both the length of each information source and the total number of pages across the reference list. Assist the evaluator by specifying, in your bibliography, how many pages are in each reference
source. You may have to locate the citation for a publication’s printed version (easily found through Milner, if there is a print version, in most cases), because the reader has no way to infer the length of a published work cited only as an Internet document. And in citing traditional publications that you have located on-line, be sure to specify when the work was written, because when you downloaded it usually is immaterial.

For a more specialized topic, it is possible that there will not be more than a few available references. In such a case having fewer than the specified number of sources can be acceptable, as long as you are able to base your analytical work on truly substantive information, and as long as you get the instructor’s express approval. As noted earlier, an important goal of this assignment is to have you working with material at a higher level than you may be used to reading. Another is to discourage you from basing your analysis on the views or findings of only one author.

If your “issue” involves a controversy (e.g., economic costs of Sarbanes-Oxley, the use of stock options in executive compensation, government “bailouts” of private firms), then you should strive for balance, in terms of recognizing competing arguments. So make sure that at least one reference source helps you understand those competing arguments, so that you can acknowledge and briefly respond to them (you have neither the obligation nor the space to fully explain opposing views). Failing to note alternative viewpoints can hurt your credibility; it causes your reader to wonder whether you have heard the competing arguments, and might reach different conclusions if you did learn of them.

Finally, you should submit, along with your paper, photocopies of key pages from any reference materials that you have made exceptionally heavy use of. (You do not have to submit full copies of the articles. If in doubt on whether you should be submitting copies, ask me.) The intent of this guideline is to encourage you not to rely too heavily on one or two reference sources (especially if those publications are of brief length), essentially writing a “book report” on a source or two rather than an organized, synthesized paper.

Length
Your paper should be four pages in length, double-spaced (plus a separate bibliography page, if your bibliography does not fit into the four). Avoid game-playing regarding the paper length; use 12-point print and set reasonable margins. Concentrate on substance, while severely limiting the space you devote to background, speculation, haranguing, or going off on tangents. Stick to your main points; you will be penalized, rather than rewarded, for a paper exceeding four pages – think of your task as writing a report for a busy decision-maker who needs all the information you can provide, but has no time to read more than four pages. And do not waste space with a “conclusion” that merely repeats what you already have said in the four-page presentation. “Substance” includes your summary of experts’ views and your own insights, and generally includes any computations you may wish to offer. However, if you are doing a lot of computations, for example on spreadsheets, your paper should include fairly detailed descriptions of your computational activity, and not simply four pages of Excel® printouts. If you do have multiple spreadsheet pages based on the same template, then only one such page counts as part of your “substance;” others should be placed in an appendix.
Take Pride in What You Submit
The Internet has made it possible for us to obtain information from a range of sources without leaving our desks. It is unfortunate that the Internet also has put a new spin on the *plagiarism* issue, making it easy for someone to quickly cut information from an online source and paste it into a “paper” without having to think, write, or give the original author credit. Doing so, of course, constitutes cheating, theft, and foolishness (the latter because your paper should be something you would be proud to show as a sample of your writing). It is fortunate that technology also helps an evaluator check whether a writer’s wording closely matches that in a published source. As our syllabus notes, cheating is viewed as an insult to your classmates, instructor, and University, and as a very serious academic offense deserving the most severe penalties (failing the course, facing the University’s disciplinary process). The good news is that using your creative energy in a positive and productive manner leads to many beneficial outcomes: writing a better paper, showcasing your abilities, and helping you learn material of special interest.

Writing Style: Some Key *Dos* and *Don’ts*
You should produce a well-written paper. When the writer does a good technical writing job, the reader tends not to notice the writing. An analogy might be professional attire: when appropriate dress was selected for an interview the recruiter tends not to remember what the candidate was wearing. Please heed the following advice toward better writing.

1. **Use section headings.** Too often, students write papers that are several pages long but that contain no section breaks or other divisions that facilitate understanding. Break the paper down into a few sections with explanatory headings to help assure smoother transitions between major ideas, keep your thinking and writing organized, and make your logic easier for the reader to follow.

2. **Number your pages.** Failing to put numbers on your pages alerts the reader that you either are being careless, or else are trying to obscure the fact that the paper is longer or shorter than the guidelines specify. Without page numbers to work with, your reader has trouble offering helpful critique such as “what about the argument you cite on page 2?”

3. **Proofread.** Be sure that each sentence expresses a complete thought, as shown by a subject and a verb, and check for subject/verb agreement (your verb should agree with the subject, not with the object of a preposition).

   *Wrong:* The assets of the company *has* declined in value.
   *Right:* The assets of the company *have* declined in value.

Proofread for spelling, also; an automated spell-checker does not catch the error when your misspelling also is a word (*e.g.*, typing *stork* instead of *stock*), although grammar checkers might catch some such misspellings (*e.g.*, typing *or* instead of *on*). Careful proofing also helps guard against sloppiness and inconsistencies.

4. **Have a bibliography.** Students sometimes feel there is no need for an organized bibliography section if all their references are spelled out within footnotes. But the
writer’s omitting a complete bibliography/references listing makes it difficult for the reader to get a feel quickly for the number, nature, and length of references used, or to confirm whether a particular reference source was included. Be sure to italicize the name of any book or other publication you cite in the bibliography (and also in the text of your paper, or in a footnote). The name of an article within a publication should be presented in quotation marks. As suggested above, the date when you accessed the web site of a government agency or professional organization is important to report, since information on a web site can change. But do not list the date when you obtained electronic access to a traditional publication; once an issue of the Journal of Economic Perspectives has been produced the content will not change, no matter when you access it through Milner online. Data presented in a 1927 Harvard Business Review article do not become current just because you downloaded the piece in 2017 – they are interesting facts and figures that, your reader should know, reflect conditions prevailing 90 years earlier. Citing the traditional version of the article (the pdf copy if the journal is accessed in electronic form) also allows your footnotes to include the specific pages on which information was found.

5. Use footnotes. You do not have to (indeed, you should not) footnote every sentence you write, but you should use footnotes for the purpose of
   - giving proper credit to someone who came up with an idea or result; and/or
   - providing the source of numerical data or other facts that the reader would not likely know, and might want to build on or verify.

In financial writing, there is no need to footnote a statement such as “when interest rates rise, the values of previously issued fixed-income securities fall” or “including real estate in an investment portfolio can provide diversification benefits.” Those particular points are accepted wisdom among readers of financial material. But if you state that “over the past five years, the average annual inflation-adjusted return on investments in small company common stocks has been in excess of 17%,” then you should provide the reader with a footnote that discloses your source for that specific information.

Because you are footnoting, it generally makes no sense to waste space citing the author and publication within the text. Instead of writing “According to Marc Zenner, Evan Junek, and Ram Chivukula, writing in the Winter 2016 Journal of Applied Corporate Finance, company managers retain cash to pay for new investments,” just state that the managers keep cash to pay for new investments, and cite the source of the information in a footnote. Convey as much substance as possible within your four written pages.

Each footnote should include the page number(s) on which you found cited information, so that the reader can locate the material easily in the original source. An unacceptable method of footnoting is to show merely a number that corresponds to one of the reference sources – instead of showing consecutively numbered footnotes 1 through n, each of which corresponds to an explanatory note at the bottom of the page or end of the paper, the writer simply footnotes as “4” any statement that relates to reference #4 in the bibliography. While this approach does alert the reader if the writer has relied too heavily on one reference source (a conclusion the reader could draw from traditional footnotes.
as well), it does the extreme disservice of leaving the reader wondering where in that reference the information can be found. It is quite frustrating when interesting facts and statistics throughout the paper are footnoted as “2,” and reference #2 is a 700-page book. There can be some gray areas regarding the use of footnotes; sometimes I try to bridge the gap by putting a footnote at the end of a paragraph if, within that paragraph, I have made liberal use of someone else’s ideas, or of numerical information that came from one source or a group of related sources. The reader should be able to tell from your wording within the footnote the degree to which you are making mention of someone else’s ideas. Consider, for example, the following paragraph, with its numerous facts that probably would call for footnotes (and the clutter that would result from footnoting each fact):

Many analysts at major Wall Street firms had been expecting Consolidated to file for bankruptcy.¹ Operating expenses had risen from 62% of gross revenues in 2009² to 73% by early 2016.³ Repeated recent layoffs had affected more than 950 production workers,⁴ while another 400 jobs had been permanently eliminated.⁵ Dividends were cut in 2014,⁶ and by 2015 interest payments to subordinated⁷ and even senior lenders were curtailed.⁸

Because the information all comes from the same general source, it would seem more sensible to have one footnote at the end of the paragraph:

... by 2015 interest payments to subordinated and even senior lenders were curtailed.¹

Or if you have discussed several concepts in a paragraph and the ideas are not your own, you might have an end-of-paragraph footnote stating something like:

³. The ideas presented in this paragraph have been offered by earlier authors, including Burns (2016, see pp. 87 – 90) and Edwards (2015, see pp. 137 – 141).

But do not overdo it; using one footnote to cite facts presented over many pages of a reference source (“see pp. 115 – 148”) is of little help to your reader. If a comprehensive footnote can not narrow the reader’s search to a fairly small number of pages, you may simply have to cite the facts and figures with more footnotes.

If you offer a view or insight that informed readers would not already have known, and if there is no footnote, then the reader should be able to infer that the statement is your original contribution. It certainly is acceptable to make the reader directly aware that the idea is yours, for example by stating “in my view” or “although earlier authors have believed otherwise, it seems fair for us to conclude that ...” The reader/grade
wants to know what you have come up with on your own. And while footnote styles and preferences can differ among writers and evaluators, they always should serve, at a minimum, to meet the professional courtesy of giving people proper credit for their original ideas or findings.

Be aware that an evaluator or other reader might accuse you of plagiarism not only for directly copying someone else’s words without giving proper attribution, but also for putting someone else’s ideas into your own words without proper attribution. You can even be accused of plagiarism for making too much use of someone else’s words or ideas with proper attribution, for example if you claim authorship for a substantial amount of written work in which you merely paraphrase someone else and footnote, without contributing any ideas or meaningful analysis.

6. Use quotations sensibly and sparingly. If you quote another author directly, then you should put the passage in quotation marks (or otherwise clearly indicate that it is a direct quotation), and identify with a footnote the written source where you found the passage. However, you should not make too much use of direct quotations. Students sometimes use direct quotes because they do not understand what a reference source’s author meant, and feel that by quoting the source directly they can not be judged too harshly. But be aware that in quoting a technical statement and not offering your own explanation, you will signal the reader that you do not understand the idea allegedly being addressed.

A good general rule to follow is that another author’s statement should be directly quoted only if the original words are especially clever, powerful, or otherwise memorable (or if there simply is no way to paraphrase). As a writer, you add value by incorporating others’ views, with proper attribution, in words that your reader can understand, and that are consistent with your writing style and the terminology used elsewhere in your paper. For example, you would want to paraphrase, rather than directly quote, a passage such as:

Some market observers believe that a company should be diversified internally, with multiple business units engaged in unrelated lines of activity. Others argue that each firm should remain specialized in its area of core competency, and that diversification should occur at the stockholder level through the purchase of shares in companies involved in different business pursuits across the economy.

But consider how well a former student paper that touched on diversification within a company made use of a direct quotation of memorable language:

The CEO of PepsiCo’s soft drink division told the CEO of the Frito Lay division, “You make them thirsty, and I’ll give them something to drink.”

The reference source for such a quote should, of course, be footnoted. Again, even if paraphrasing you should footnote the idea to give that author credit. Finally, just as you should use quotes sparingly, you should avoid “dropping names” when providing direct or paraphrased quotes. Unless the cited speaker is very well known, the reader will be unable to judge the reliability of a statement such as:
Jane Doe-Smith has stated that only independent directors should serve on a corporate board’s compensation committee, because ...

The speaker’s professional position, or the credibility of the source publication, can be a more valuable indicator of relevance for the reader than an unknown speaker’s name:

A former Securities & Exchange Commission chief legal counsel has stated that only independent directors should serve on a corporate board’s compensation committee, because ...

Then the footnote accompanying such a statement of specific information should identify the information source, and perhaps the speaker’s name:


And you waste valuable space by dropping the name of the reference source itself within the body of the paper; avoid making a statement such as

According to an article in the Journal of Applied Corporate Finance, when creditors gain control of a corporation in a bankruptcy proceeding they …

Make the point you want to make, and cite the source of the information in a footnote.

7. Treat this paper as a formal writing assignment. Avoid being overly conversational in tone. For example, while it is acceptable to say “I” rather than “this author” (we do not have to go to extremes), avoid using contractions such as “I’ll,” “don’t,” or “isn’t.” Always remember that one possible reader of your paper is a potential employer, who wants to see your ability to correspond and create documents in a professional manner.

8. Avoid stating the obvious. Do not waste time or space beginning a new section or paragraph with a meaningless introductory sentence, such as “We will now discuss the views of experts who oppose greater regulation of financial reporting.” Why tell the reader what you are getting ready to say? Get to the point. (A well-chosen title and good section headings reduce any seeming need for such perfunctory introductory comments.)

9. Do not waste space posing needless questions. If you introduce an idea with a question or series of questions, such as “What is good corporate governance? Why do firms give increasing attention to corporate governance issues?” you will have to devote just as much space to providing the answers as you would if you simply left out the superfluous questions and proceeded directly to explaining the issues.

10. Illustrate with examples. You help your reader understand your arguments, and at the same time convince the reader that you understand your topic, by giving meaningful, illustrative examples. One student wrote of non-profit organizations engaged in for-profit activity, but did not offer a single example. If your paper is about the movement from GAAP to International Financial Reporting Standards, you might want to develop a
numerical example to show the different financial reporting treatment of a particular transaction under the two systems.

11. **Avoid the use of dangling modifiers.** The following sentence contains such an error:

   Lacking information on revenues, the firm’s net income was difficult to estimate.

The party who lacked information was an analyst, not the income, which appears structurally to be the noun described by the introductory modifying phrase. More appropriate ways to express the idea contained in that sentence would be

   Lacking information on revenues, the analyst found it difficult to estimate the firm’s net income.

   or

   Because there was a lack of information on revenues, the firm’s net income was difficult to estimate.

A related example appeared in a previous student’s paper:

   Many developing countries have had recent annual economic growth rates as high as 7%, such as China and India.

China and India are, of course, examples of developing countries; they are not (despite what the structure of the sentence would suggest) examples of 7% growth rates. A better choice of wording (supported with an appropriate footnote) would be

   Many developing countries, such as China and India, have had recent annual economic growth rates as high as 7%.

12. **Do not offer unsubstantiated assertions.** A passage such as this statement from a paper submitted by a former student:

   The housing market grew exponentially in the early 2000s

is so vague that it is meaningless. What exponent marked the measure of growth (surely it could not be a value much greater than 1.0), what “market” was growing so wildly (the number of US houses, American housing’s aggregate estimated market value, or some other variable), and what is the source of this purported information? Having strong reference sources, and adhering to careful footnoting, helps prevent this type of mistake.

13. **Use parallel structure.** When you list a series of words or phrases, be sure that they all are structurally similar:

   **Wrong:** Lenders’ policies are affected by interest rate movements, government fiscal activity, and how much profit corporations are earning.
Right: Lenders’ policies are affected by interest rate movements, government fiscal activity, and corporate profit levels.

14. Do not use a singular direct object with a plural subject

Wrong: Last year more than 2,000 large firms installed a new computer network.
Right: Last year more than 2,000 large firms installed new computer networks.

(This type of fact would call for a footnote, of course.) While the first example above would not likely lead to confusion regarding the writer’s intent, consider the sentence:

Last quarter six Illinois companies installed a new computer network.

Would the writer intend to convey that six companies installed a new network jointly, or that six different organizations created their own individual networks? One of the many benefits of correct usage is that it minimizes the incidence of ambiguous meaning.

15. Avoid wordiness. The following sentence is from a previous student paper:

By being on these town committees, it becomes obvious to me that the developer could have had some influence on decisions that were to be made that would affect his business, even though it was not explicitly stated in the article.

Consider all the words that could be removed from the sentence without any loss in meaning (in fact, a briefer sentence conveys the intended meaning more effectively):

By being on these town committees, it becomes obvious to me that the developer could have had some influence on decisions that were to be made that would affect his business, even though it was not explicitly stated in the article.

In a less extreme example a student wrote “There have been three main events that have sparked increased government regulation of the financial markets in recent years;” the writer could have saved space with the less cumbersome “Three main events have …”

16. Exercise caution in your use of some “problem” words

a. Be careful using the words affect and effect.

Usually we use affect as a verb, the meaning of which is “to have an impact on.”

Interest rates can affect consumer spending levels.

Usually we use effect as a noun, the meaning of which is “an impact that has been realized.”

Interest rates can have an effect on consumer spending levels.
These two words sometimes are used incorrectly. Confusion can arise both because the words are so similar, and because each actually has uses both as a noun and as a verb. The verb form of effect means “bring about” or “cause to happen:”

Interest rate movements can effect changes in the level of consumer spending.

The noun form of affect is a term from psychology, whose meaning has to do with feeling or emotion, topics that generally would not be addressed formally in a business finance paper. So you are unlikely to use affect as a noun, and you never should write a sentence such as “When unemployment adversely effects family incomes, there is a downward affect on consumer spending.”

b. Be careful using the words which and that.

It usually is appropriate to use that in specifying a person or item for the reader. It usually is appropriate to use which in introducing a clause, typically set off by commas, describing a specific person or item whose identity already is known to the reader.

The interest rate that has the greatest impact on corporate borrowing is the ten-year US Treasury bond rate. (The word that tells us the specific rate the writer is discussing.)

The ten-year US Treasury bond rate, which has been stable in recent months, has helped support an active corporate lending market. (The word which introduces a clause telling us something extra about a rate that already has been identified.)

c. Be careful using the word unique.

The word unique too often is used, incorrectly, with modifiers such as very or quite. If the word is to mean “truly one of a kind,” then there can be no gradation of uniqueness. Remember that something either is unique or it is not; never say that something is very unique. (Few things you will encounter in life will merit being called unique.)

d. Avoid using the word this as a pronoun.

It is awkward to state a complex idea and then use the word this to refer back to that idea. The problem is that it may be unclear whether the writer is referring to the whole, or to one or more parts, of the complex idea. Consider the example:

In the early 1980s many borrowers defaulted on loans because of the high interest rates, the uncertainty in collateral property values, the lenient nature of some state laws, and a reduced societal stigma regarding bankruptcy. This caused many problems for lending institutions.

A pronoun should have an antecedent noun to which it refers; what is the antecedent
for this? The 1980s? The interest cost? The writer of such a sentence is likely to be referring to the whole situation. While some would argue that the meaning is fairly clear in this type of presentation, and that any recommended change therefore represents form over substance, my preference is to change this from a pronoun to an adjective, and select appropriate wording to represent the complex preceding idea:

… This combination of circumstances caused many problems …

A good writer uses this as the subject of a sentence only if it is accompanied by a clear antecedent:

This was a situation that caused many problems for lending institutions.

e. Be careful using the phrase both ... and (and the phrase either ... or).

This issue relates to the use of parallel structure.

Wrong: Corporate profits are affected both by consumer spending and costs of production.

Right: Corporate profits are affected both by consumer spending and by costs of production.

Right: Corporate profits are affected by both consumer spending and costs of production.

Be aware of the same potential pitfalls when using either ... or.

f. Do not use the phrase greater than with a multiple.

Wrong: This year’s income is expected to be three times greater than last year’s.

Right: This year’s income is expected to be three times as great as last year’s.

If this point does not make sense, ask yourself: what is one time greater than? Would one time greater than not have to suggest a doubling in value? So then does three times greater than indicate a quadrupling? People too often use three times greater than to mean a tripling in value, but you can see how awkward the result is.

On a related matter, do not use over to indicate an increase in or multiple of a quantity; say that revenues grew more than 20% rather than over 20%. Encountering “over” can lead the reader to expect to see that something has ended, was distributed across an area of space, or is physically located directly above something else. In the same manner, do not use above to mean more than, under or below to mean less than, or around to mean approximately.
g. Be careful using the word *only*.

Wrong: Large companies were only issuing convertible bonds in that period.
Right: Large companies were issuing only convertible bonds in that period.

This issue involves a minor point, but think of the implications. The first sentence suggests that companies did nothing aside from issuing convertible bonds – they were not producing goods or services, running newspaper advertisements, or even paying wages and taxes. The second sentence provides a more plausible suggestion: that the companies’ bond issuances were limited to the convertible variety.

h. Avoid using *one* to mean a typical, unspecified individual. Encountering a sentence or phrase beginning with “one” can throw off the concentration of a reader who then expects to see a quantitative measure.

i. Use the pronoun *they* (or *their*) only if the antecedent is plural. (Make special note of the fact that a company is an *it*, not a *they* or a *who*, while a person is a *who*, not a *that*.)

Wrong: If a company borrows too much money, they will face high interest costs.
Right: If a company borrows too much money, it will face high interest costs.
Right: If companies borrow too much money, they will face high interest costs.
Wrong: A corporate CEO is likely to be ineffective if they ignore ethical issues.
Right: A corporate CEO is likely to be ineffective if he ignores ethical issues.
Right: Corporate CEOs are likely to be ineffective if they ignore ethical issues.
Wrong: A firm’s management are expected to maximize shareholders’ wealth.
Right: A firm’s management is expected to maximize shareholders’ wealth.
Right: A firm’s managers are expected to maximize shareholders’ wealth.

If a singular antecedent is female use *she* (*her*); if that singular antecedent is male use *he* (*his*). [Historically we used *he/his* for any singular antecedent, but in today’s world it is more sensible to recognize that a business situation could involve someone of either gender.] It is acceptable to use the sometimes-awkward *he or she* (*his or her*) when the antecedent is singular and of unknown or unspecified gender, but to me it makes more sense to choose one gender or the other for a general example, and to alternate between the two genders if many examples are given. Finally, an individual is a person and a company is an object; refer to someone *who* (not that) owns shares of stock, or a company *that* (not who) builds a new distribution center.

j. Be careful using the words *criteria* and *phenomena*.

The word *criteria* is the plural of *criterion*. There are no * criterias* or *criterions*, and you never should state that “the single most relevant *criteria* is …” The word *phenomena* is the plural of *phenomenon*. It actually is amusing to hear a misinformed speaker refer to one phenomenon-*uh* and two or more phenomenon-*ah*.
k. Be careful using the words *between* and *among*.

A relationship exists *between* two people or objects and *among* three or more. Experts disagree on whether *among* and *amongst* can have slightly different meanings in some unusual situations, but a general view seems to be that *amongst* is old-fashioned usage.

l. Use *where* only to delineate a location, and *when* only to delineate a point or period in time.

*Right:* Midtown Investments is where the 1860s railroad depot used to be.

*Wrong:* A callable bond is one where the issuer can repay the lender early.

*Right:* The late 1990s was a period when stock prices reached high levels.

*Wrong:* A callable bond is when the issuer can repay the lender early.

*Right:* A callable bond is one for which the issuer can repay the lender early.

m. Be careful using the words *lead* and *led*. The past participle of the verb *to lead* is *led*, not *lead* pronounced with a soft e.

*Wrong:* Strength in the economy has *lead* to higher inventory costs.

*Right:* Strength in the economy has *led* to higher inventory costs.

*Right:* Strength in the economy will *lead* to more production activity.

*Right:* Health concerns *led* to the removal of *lead* paint from older houses.

n. Avoid using *loan* as a verb; state that a bank or bondholder *lends* money. And say that a secondary market investor purchases mortgage *loans* or *notes*, not *mortgages*.

(A mortgage is merely the pledge of specified real estate as collateral on a loan; it is the accompanying note, which generates cash flows, that has direct value to an investor.)

o. Use the word *hopefully* with caution.

This overused word is an adverb that should describe an action in which someone had hope, not an all-purpose substitute for phrases such as “we might hope.”

*Wrong:* Market prices have held steady, and hopefully they will increase.

*Right:* Traders watched hopefully as the market opened at higher prices.

p. Spell out the corresponding words the first time you use an acronym, unless you are sure that any likely reader knows what the letters stand for. Everyone knows what USA (or probably FBI) means, but not everyone will be familiar with terms such as NOI, SEC, GAAP, IFRS, APR, and EVA. Then in subsequent referrals, for brevity’s sake, use only the acronym, particularly when you are subject to a page or space limit.

q. Know the meaning of the words *theoretical* and *empirical*, which you may encounter in analytical reference sources. A theoretical argument is based on logic and accepted wisdom, with no specific observations necessarily provided as evidence. An empirical argument or study reflects data from the real world (“empire”), often analyzed with complex mathematical models. We might theorize that retaining earnings leads to higher
common stock values, but then determine empirically, by examining some data involving actual companies, that investors tend to pay higher relative prices for stocks of firms that distribute higher dividends than for those of corporations that heavily retain earnings.

On a related note, a theory is an inanimate object; do not treat it as a thinking entity. Avoid saying that a theory assumes interest rates will remain stable; it is a person relying on that theory who is making an assumption.

r. Be careful with these words/phrases, which should not cause problems, but often seem to be confusing to some writers.

- Corporate managers wonder whether (not weather) fuel costs will rise, and which (not witch) operating divisions could be most affected. [Also note that usually you need not waste space saying or not after whether; it is sufficient to say that analysts debate whether higher executive pay increases shareholder wealth.]

- An analyst should try to (not try and) determine whether a company’s liquidity position is weak.

- An analyst predicts future investment returns based on past returns, not based off of past returns.

- Investors flee (not flea) the market when the economy weakens, companies sometimes lose (not loose) market share to competitors, and European firms typically are more heavily regulated than (not then) US firms.

- Companies (not company’s) faced low interest costs in the 2010s (not 2010’s).

- A company’s expansion of a capital project is due to (not do to) high product demand, and stricter loan underwriting could have (not could of) helped reduce the severity of the previous decade’s financial market crisis.

- Bankers are wary (meaning worried) of lending to borrowers with poor credit histories; they are not weary (meaning tired) – though ultimately they may become weary of dealing with the resulting problems if they make too many unwise loans.

- Stocks and bonds are two (not to or too) types of investment securities; corporate jets are too (not to or two) expensive for small firms to buy; and risk managers purchase insurance to (not too or two) protect against loss from storm damage.

Finally, do not bind the paper; merely staple it in the upper left corner. A bound paper might look nicer, but it is difficult for the reader to grade and write comments on.

And above all … ENJOY A PRODUCTIVE EXPERIENCE READING YOUR ANALYTICAL REFERENCE SOURCES AND WRITING YOUR PAPER!
Preliminary Paper Topic & Reference Source Identification
(and Acknowledgement of Guidelines)

[Please submit WITH PAPER TOPIC no later than 11/02/17]

Student’s Name

Proposed Paper Topic

Expected Analytical Sources (article title and journal/issue it appears in/pages; should show at least two)

1. 

2. 

3. 

I hereby acknowledge that I have fully and carefully read the accompanying handout “Writing a Paper for Class,” and that my grade on the paper will be affected by my compliance with the guidelines provided in the handout.

________________________
Student’s Signature

______________/_______/ 2017
Date
Final Paper Topic & Reference Source Identification (and final Acknowledgement of Guidelines)

[P lease submit WITH PAPER no later than 12/05/17]

Student’s Name  _____________________________________

Final Paper Topic  _____________________________________

Analytical Sources

1.  _____________________________________
   Used (title, authors, journal, pages)
   _____________________________________

2.  _____________________________________
   _____________________________________

3.  _____________________________________
   _____________________________________

I hereby verify that I fully and carefully read the handout “Writing a Paper for Class” (as I also attested prior to submitting my proposed paper topic), and that my final paper draft complies with the guidelines provided in the handout. I know that compliance with these guidelines is a significant determinant of my grade on the paper.

____________________
Student’s Signature

____________________/________/ 2017
Date